

**BOARD OF FINANCE
REGULAR MEETING MINUTES
FEBRUARY 22, 2021**

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m. via GoToMeeting by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Catherine Durdan, Ellen Retelle, Cathy Salchert, Katrina Marin, Margaret Bratton, and Ken Birk. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Thomas Harrison.

III. COMMUNICATION FROM THE AUDIENCE - None

IV. MINUTES OF PRECEDING MEETING:

January 25, 2021 Meeting

On a motion made by Ellen Retelle, seconded by Katrina Marin, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the January 25, 2021 Meeting as drafted. Messrs: Harrison, Birk, and Mmes: Bratton, Salchert, Retelle, Durdan, and Marin voted in favor.

V. OLD BUSINESS

20/21-05 Review and Discussion: FY 21/22 Budget

Mr. Robertson reported that Town Council held a second Budget Workshop last week where several adjustments were discussed on the Town side and except that Town Council will recommend a budget to the Board of Finance at their March 4th meeting; the Board of Education's (BOE) FY 21/22 proposed budget includes a 2.64 % increase; the Governor's budget recently came out and not much change for Avon; we may receive an additional grant of approximately \$185,000. He added that the total proposed mill rate increase, Town and BOE is 4.56% which 2.12% of it is to make-up for the \$1.8 million borrowed from Unassigned Fund Balance for the current year budget; and the Avon Village Center accounts for 0.5% of the Grand List.

In response to a question from Ms. Bratton, Mr. DiStasio responded that we used the \$1.8 million from Unassigned Fund Balance as a budgeted revenue source for FY 21; as we closed out FY 20 we put an assignment on the year-end fund balance to make up that difference; it's the same dollar amount but from a budget stand point we used it once in FY 21. In response to a question from Ms. Bratton, Mr. DiStasio responded that we ended FY 20 with enough of an Unassigned Fund Balance to replenish what we had taken out plus we maintained our over 10% Unassigned Fund Balance as required by our policy. He added that with the FY 21 Budget we took a very large one-time supplemental revenue of \$1.8 million and built it into our budget; when we move into FY 22 Budget we have to make-up that \$1.8 million as we are not utilizing any revenues to offset our expenditures.

In response to a question from Ms. Retelle, Mr. DiStasio responded that the Board of Education had savings at the end of FY 20 due to schools shutting down for several months during the pandemic in the amount of approximately \$700,000; that money went back into General Fund balance; we put an assignment for the Board of Education's use in future years of \$250,000, as noted in the Comprehensive Annual Financial Report (CAFR). In response to a question from Ms. Retelle, Mr. DiStasio responded that the \$750,000 returned from the Board of Education was closed out to the General Fund balance; we are talking about the actual activity versus the budgeted activity, not happening at the same time. Ms. Retelle commented that the school districts received extra money this year as a supplement. She inquired if there will be any other funds not used by the Board of Education this year.

Ms. Salchert commented that in the Valley Press the Avon Village Center made the “Top 10” taxpayers list at #2 in the amount of \$17,962,430. Mr. Robertson responded that the Avon Village Center is worth about 0.5% on the Grand List, as of October 1, 2020.

VI. NEW BUSINESS

20/21-17 CAFR Presentation by Clifton, Larson and Allen

Vanessa Rossitto, Audit Partner, and Emily Finn, Audit Manager, guided the Board through a presentation of the Comprehensive Annual Financial Report (CAFR) and Federal and State Single Audits. In response to a question from Mr. Harrison, Ms. Rossitto responded that the target for the pension fund is 80% so the Town is below that and the Board of Education is just above; there is no rule of thumb for OPEB; Avon is a little higher than a few other clients. She noted that the priority is to fund the pension fund. In response to a question from Ms. Retelle, Ms. Rossitto responded that Town spent \$85,685,346, or \$2,532,606 under budget. In response to a question from Ms. Bratton, Ms. Rossitto responded that OPEB includes health insurance for eligible retirees and their spouses. Ms. Rossitto added that the State pays teachers’ pension and OPEB. In response to a question from Mr. Birk, Ms. Rossitto responded that there are some mutual funds in the Town and Board of Education but only in interest and dividends. Ms. Rossitto will look into why there is no data for the net increase in fair value of investments with the OPEB Trust Fund. Mr. Birk noted that regarding the Investment Policy, the net of investment return for the Town is 1% and for the Board of Education is 6%. Ms. Rossitto responded that the Board of Education contributions could be greater. In response to an inquiry from Mrs. Marin, Ms. Rossitto responded that page 48 in the CAFR lists the assignments for “Other purposes.” In response to a question from Ms. Bratton, Ms. Finn responded that both the Federal and State audits resulted in no findings. In response to a question from Ms. Retelle, Mr. DiStasio responded that we received \$110,300 for LoCIP from the State more than sixty days after June 30, 2020. Ms. Finn noted that the other adjustment defined as “Revenue Recognition” was related to the timing of the sewer billing and some revenue was brought into FY 20.

20/21-18 Response to Audit comments and recommendations to Management

Ms. Finn highlighted the auditor’s comments and recommendations to management for the fiscal year ended June 30, 2020. In response to a question from Ms. Retelle, Mr. DiStasio responded that the IT controls review was done in 2018 and to implement them takes time and coordination between multiple departments; the Town holds bi-monthly IT Committee meetings and discuss these issues; we have implemented some of the recommendations including password modifications, drafting an acceptable use policy and are in the process of putting together a comprehensive disaster recovery plan and an employee out-processing procedure. In response to a question from Ms. Retelle, Mr. DiStasio responded that most recommendations are standard and didn’t indicate any weaknesses in security; we use an internal program to screen e-mails on a daily basis.

20/21-19 Appointment of Auditor for FY 20/21

On a motion made by Tom Harrison, seconded by Margaret Bratton, it was voted:

RESOLVED: That the Board of Finance recommend Clifton, Larson and Allen to perform auditing services for the Town’s FY 20/21 audit.

Messrs: Harrison, Birk, and Mmes: Marin, Bratton, Retelle, Salchert, and Durdan voted in favor.

20/21-20 Supplemental Appropriation: Avon Senior Center: State Unit on Aging Grant, \$2,500

On a motion made by Margaret Bratton, seconded by Ellen Retelle, it was voted:

RESOLVED: That the Board of Finance hereby amends the FY 20/21 Budget by increasing:

REVENUES

Recreation Activities Fund, Other Local Revenues, Donations & Grants, Private Sources, Account #09-0360-43651 in the amount of \$2,500.00 and increasing:

APPROPRIATIONS

Recreation Activities Fund, Senior Citizens, Services-Other, Account #09-5301-52189 in the amount of \$2,500.00, for the purpose of funding our Outreach and Social Integration programs and activities. Avon Senior Center is submitting a grant to the SUA (State Unit on Aging) for older adult programming and initiatives to reach people at home, especially due to COVID.

Messrs: Harrison, Birk, and Mmes: Marin, Bratton, Retelle, Salchert, and Durdan voted in favor.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 01/31/21 prepared and reported by Tom DiStasio. He noted that under Intergovernmental we received approximately \$490,000 of COVID relief funding for the Board of Education. In response to a question from Ms. Retelle, Mr. DiStasio responded that the CAFR showed an under-expenditure relative to the budget of the Board of Education of \$750,000 and is included in the \$2.3 million and that total savings was closed to Fund Balance at the end of the fiscal year as of June 30, 2020. He noted that we operate on an annual budget; we come up with a budget that we operate off of that budget and the annual results are closed out at the end of the fiscal year; any authorized expenditures represent our budget, the actual expenditures that we made are posted to our general ledger; the actual activity that gets posted on June 30, 2020 is closed out to Fund Balance and for the new fiscal year we operate off a brand new budget and the process takes place again for the current fiscal year. In response to a question from Ms. Retelle, Mr. DiStasio responded that everything is closed to Unassigned Fund Balance and the team decides where we want to place those assignments for future use.

VIII. OTHER BUSINESS

Mr. Harrison commented that the annual budget referendum was not held last year due to COVID and was pleased to report that we will have a traditional budget referendum this year. The other annual budget events will be held virtually.

Ms. Retelle congratulated the ACORN fundraisers, on behalf of the Board, for the amount of money they raised, approximately \$140,000. Ms. Salchert noted their accomplishment especially during a pandemic.

Ms. Bratton inquired about the status with Avon Public Schools regarding remote learning versus hybrid.

IX. ADJOURN

On a motion made by Ellen Retelle, seconded by Katrina Marin, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:09 p.m.

Messrs: Harrison, Birk, and Mmes: Bratton, Salchert, Marin, Retelle, and Durdan voted in favor.

Respectfully Submitted,
Cathy Durdan, Vice Chair/Secretary

Attest: Jennifer Worsman, Clerk

All referenced material is available to the public in the Town Manager's Office.

Town of Avon, Connecticut

2020 Audit Presentation

February 22, 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.



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Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- Management Letter
- Governance Communication
- Upcoming GASB Pronouncements
- CLA



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Terms of Engagement

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.
- Express an opinion on compliance related to major federal and state award programs



Terms of Engagement

- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs



Executive Summary

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - ◇ Best opinion available
 - No findings reported in report on internal control and compliance



Executive Summary

- Federal Single Audit
 - Unmodified opinion on the major federal program
 - No compliance findings or significant deficiencies in internal control over compliance reported



Executive Summary

- State Single Audit
 - Unmodified opinion on the major state programs
 - No compliance findings or significant deficiencies in internal control over compliance reported

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Financial Highlights

- Governmental activities

	2020	2019
Current assets	\$ 48,243,747	\$ 39,638,168
Capital assets, net of accumulated depreciation	144,751,767	145,356,991
Total assets	<u>192,995,514</u>	<u>184,995,159</u>
Deferred outflows of resources	<u>3,768,094</u>	<u>2,969,957</u>
Long-term liabilities outstanding	76,782,590	77,092,170
Other liabilities	12,111,397	11,489,507
Total liabilities	<u>88,893,987</u>	<u>88,581,677</u>
Deferred inflows of resources	<u>10,051,527</u>	<u>8,601,383</u>
Net Position:		
Net investment in capital assets	123,550,748	125,283,735
Nonexpendable - purposes of trust	64,259	71,340
Unrestricted	<u>(25,796,913)</u>	<u>(34,573,019)</u>
Total Net Position	<u>\$ 97,818,094</u>	<u>\$ 90,782,056</u>

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Financial Highlights

• Governmental Funds

	General	CIFA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 84,561,255	\$	\$	\$ 84,561,255
Intergovernmental	11,862,214		1,547,729	13,409,943
Charges for services	3,493,542		6,102,414	9,595,956
Investment income	640,011	12,949	6,864	665,824
Other local revenues	179,057	13,750	498,624	691,731
Total revenues	100,742,079	26,699	8,155,531	108,924,709
Expenditures:				
Current:				
Town Council:				
General government	3,459,478		225,989	3,685,467
Public safety	11,140,143		150,176	11,290,319
Public works	5,990,069		2,315,311	8,305,380
Health and social services	563,164			563,164
Recreation and parks	802,709		349,380	1,152,089
Educational - cultural	1,744,194			1,744,194
Conservation and development	472,032			472,032
Miscellaneous	304,891			304,891
Total town council	24,676,680		3,040,836	27,717,516
Board of Education	87,467,694		1,984,833	89,452,527
Debt service	3,036,692			3,036,692
Capital outlay		3,645,412	252,495	3,897,907
Total expenditures	95,181,068	3,645,412	5,278,164	104,104,642
Excess (Deficiency) of Revenues over Expenditures	5,561,013	(3,618,713)	2,877,767	4,820,067
Other Financing Sources (Uses):				
Issuance of bonds		3,275,000		3,275,000
Premium on bond issuance		507,915		507,915
Capital lease issuance	278,823			278,823
Transfers in	50,000	1,806,940	1,078,265	2,935,205
Transfers out	(2,116,247)	(8,958)	(810,000)	(2,935,205)
Net other financing sources (uses)	(1,787,424)	5,060,897	268,265	4,081,738
Net Change in Fund Balances	3,773,589	1,962,184	3,146,032	8,881,805
Fund Balances at Beginning of Year	13,121,733	5,894,887	4,990,395	23,407,015
Fund Balances at End of Year	\$ 16,895,322	\$ 7,857,071	\$ 7,536,427	\$ 32,288,820



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Financial Highlights

• General Fund

– Fund balance \$16.9M

- ◇ Nonspendable - \$60K (prepaids)
- ◇ Assigned - \$4.1M
 - \$1.8M Subsequent Years' Expenditures
 - \$2.3M Other purposes
- ◇ Unassigned - \$12.7M



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Financial Highlights

• General Fund Budget

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property taxes	\$ 84,624,710	\$ 84,624,710	\$ 84,561,255	\$ (63,455)
Intergovernmental	2,278,650	2,559,912	2,810,122	300,210
Charges for services	2,016,925	2,016,925	3,493,542	1,476,617
Investment income	300,000	577,307	638,415	61,108
Other local revenues	220,345	220,345	188,129	(32,216)
Total revenues	89,440,630	89,949,199	91,691,463	1,742,264
Expenditures:				
Current:				
Town Council:				
General government	3,501,609	3,559,280	3,409,238	150,042
Public safety	11,178,397	11,344,193	11,093,250	250,943
Public works	6,443,445	6,529,924	6,026,635	503,289
Health and social services	549,921	579,212	561,123	18,089
Recreation and parks	857,169	864,316	794,803	69,513
Educational - cultural	1,720,491	1,744,194	1,736,517	7,677
Conservation and development	688,158	695,038	659,674	35,364
Miscellaneous	345,913	342,780	304,891	37,889
Total town council	25,285,103	25,659,837	24,586,131	1,073,706
Board of Education	58,695,549	58,912,077	58,982,523	749,554
Debt service	3,746,038	3,746,038	3,036,692	709,346
Total expenditures	87,636,690	88,217,952	85,685,346	2,532,606
Excess of Revenues over Expenditures	1,803,940	1,731,247	6,006,117	4,274,870
Other Financing Sources (Uses):				
Assignment of fund balance		385,000		(385,000)
Transfers in			50,000	50,000
Transfers out	(1,803,940)	(2,116,247)	(2,116,247)	-
Net other financing uses	(1,803,940)	(1,731,247)	(2,066,247)	(335,000)
Net Change in Fund Balance	\$ -	\$ -	3,939,870	\$ 3,939,870
Fund Balance at Beginning of Year			12,532,635	
Fund Balance at End of Year			\$ 16,472,505	



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Financial Highlights

• Pension and OPEB Trust Fund

	Pension	Other Post Employment Benefit Fund
Additions:		
Contributions:		
Employer	\$ 3,925,745	\$ 2,907,528
Plan members	210,397	
Total contributions	4,136,142	2,907,528
Investment income:		
Net increase in fair value of investments	268,945	
Interest and dividends	2,071,911	280,034
Total investment income	2,340,856	280,034
Total additions	6,476,998	3,187,562
Deductions:		
Benefits	4,305,484	1,785,253
Administration	41,027	7,150
Total deductions	4,346,511	1,792,403
Changes in Net Position	2,130,487	1,395,159
Net Position at Beginning of Year	31,042,929	10,792,564
Net Position at End of Year	\$ 33,173,416	\$ 12,187,723



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Financial Highlights

- Property Tax Collections – 99.48% compared to 99.61% in the prior year
- Net Pension Liability
 - Town - \$23.7M 45.91% funded
 - BOE - \$2.6M 83.45% funded
- OPEB Liability
 - Town - \$22.7M 28.87% funded
 - BOE - \$5.4M 35.60% funded



Federal Single Audit

- Total federal awards expended - \$1.05M
- Major program – Special Education (IDEA)
- Unmodified opinion on major program compliance
- No compliance or internal control finding



State Single Audit

- Total state awards expended - \$3.3M
- Major programs:
 - ◇ Open Choice
 - ◇ Municipal Grants in Aid
- Unmodified opinion on major program compliance
- No compliance or internal control findings

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Management Letter

- Revenue Recognition
- Segregation of Duties
- Fraud Tip Line
- IT Controls

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Auditors' Communication

- New standards adopted – none
- Significant Estimates
 - Capital Assets – Useful lives
 - Allowance for Uncollectible Receivables
 - Net Pension Liability
 - Net OPEB Liability
 - Landfill post closure monitoring liability



Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues



GASB Standards

- Implementation Year 2021
 - Statement 84 – Fiduciary Activities
 - Statement 90 – Majority Equity Interests
 - Statement 92 – Omnibus 2020 (various)

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GASB Standards

- Implementation Year 2022
 - Statement 87 – Leases
 - Statement 89 – Accounting for Interest Cost before the End of a Construction Period
 - Statement 92 – Omnibus 2020 (various)
 - Statement 93 – Replacement of Interbank Offered Rates
 - Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

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GASB Standards

- Implementation Year 2023
 - Statement 91 – Conduit Debt Obligations
 - Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - Statement 96 – Subscription-Based Information Technology Arrangements



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- Effective 1/1/2021
- Same Values/Culture
- Teams still intact
- CLA serves ~3,500 government clients
- More resources



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Questions?



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